
Blighted Property Review Committee
Tuesday, May 14, 2013
Update Meeting Report

Mr. Olsen called the Update Meeting to order at 6:04 pm. He announced that a quorum was present.

BPRC Attendance: L. Olsen, R. Corcoran, W. Bealer, H. Urena, M. Wolfe, D. Luckey

Staff Attendance: L. Kelleher, M. Reinhart, L. Agudo

Review Bylaws

Mr. Olsen stated that the Committee now has two versions of the bylaws, the copies attached to the agenda and a different set distributed by Mr. Agudo. He asked Mr. Agudo to explain the changes from the original version of the bylaws approved by the BPRC and the two draft documents.

Mr. Agudo stated that the most major change is the creation of an Executive Officer as a key advisor to the BPRC and the communications person for the BPRC. This person shall be a member of the City Administration and will have the authority to execute all correspondence and orders for the BPRC. The person filling this position may be the Deputy Director of Housing. He stated that in addition to serving the BPRC in this capacity, the Housing Deputy Director will also be staff to the Land Bank, implement the MVA and be charged with the successful implementation of the entire Housing Strategy.

Mr. Luckey questioned why this type of position is needed and questioned the need for an additional bureaucratic layer for the BPRC when the system currently used works very well.

Mr. Olsen agreed, noting that the BPRC depends on the Property Maintenance Division to prepare the documentation for all properties going through the hearing process, along with site visits and photographs.

Ms. Kelleher agreed that major support is already provided by the CD Department through the work of the Property Maintenance Specialist, who handles the entire process to find qualifying properties then move them up into the hearing process. She

noted that the properties in the BPRC hearing process are selected by Property Maintenance, not the BPRC or Ms. Kelleher.

Mr. Agudo noted that this position will keep the CD Department involved in BPRC reporting and will keep the Property Maintenance Specialist on task with processing the properties that move up through the hearing schedule. He noted the need for the BPRC to intertwine with the potential Land Bank Authority.

Mr. Urena inquired if the Executive Officer will undertake enforcement activities for the BPRC properties. Mr. Agudo stated that the Executive Officer will be a member of the City Administration who will execute BPRC documents, notices and orders and that there is no enforcement component.

Mr. Luckey and Mr. Olsen questioned the need to change the execution procedures for BPRC documents. Mr. Olsen stated that there has never been a problem with the current method to execute BPRC documents and orders. He said the current method of execution allows for a beneficial checks and balances to ensure that the correct documents are produced by the Property Maintenance Specialist and that the documents do not contain errors.

Ms. Kelleher stated that the execution requirements for BPRC orders are located within the enabling legislation and that the bylaws cannot conflict with the ordinance. She noted that there has never been a delay in executing the orders and returning them to Property Maintenance; however, there is often a delay in delivering the unexecuted orders to Ms. Kelleher after the hearings take place.

Mr. Olsen inquired about the Land Bank Authority and if it would be managed by the Reading Redevelopment Authority (RRA). Mr. Agudo stated that if the legislation is enacted, the Land Bank Authority will be a standalone organization. Although Land Banks are permitted to have their own individual staffing and attorneys, the Land Bank here will begin with staffing from the CD Department through the Deputy Director of Housing. Permanent staffing will not occur until the Land Bank shows that it is self-sustaining.

Other bylaw changes proposed by the Administration are as follows:

- Adding the Executive Officer position to the Advisor section
- removing the Secretary to the Board from the Officer section and relocating it to the Advisor section
- Eliminating the need to obtain Council's approval for BPRC Bylaw amendments
- Revising the duties of the Secretary

- Revising the duties of the Property Maintenance Division in the Advisor section
- Eliminating the Planning Office as an Advisor
- Adding processes for Hearings and Meetings (non-hearings)

Mr. Agudo suggested that the BPRC consider adopting the amended bylaws. Ms. Kelleher noted that as per Robert's Rules, the bylaws cannot be introduced and adopted at the same meeting.

Mr. Corcoran objected to eliminating the need for Council to approve the amendments to the BPRC Bylaws. He noted that the BPRC exists because City Council enacted the proper enabling legislation and should have a say in defining how the BPRC functions.

Ms. Kelleher stated that various Boards and Commissions bylaws must be approved by City Council.

The group discussed the pros and cons of eliminating the need for Council approval of the bylaws, as long as the BPRC retain sole authority over approving all amendments to the bylaws.

Mr. Olsen again questioned the need to create an Executive Officer position to create a link with Community Development, as the Property Maintenance Division has handled the underlying property processes for years. He stated that the Blighted Property Review Committee was created by former Councilor Fuhs in 2008 and the link to the Council Office was intentional and was to ensure that the BPRC would carry on as Administrations change.

Mr. Bealer stated that in early 2008 the BPRC traveled to Harrisburg and Allentown to learn about the blighted property hearing process. He stated that in Allentown the Redevelopment Authority handles the blighted property process. He noted that here the Reading Redevelopment Authority (RRA) does not have the adequate staffing or financial resources to undertake the blighted property function; however, they do undertake the eminent domain process.

Mr. Luckey noted that Allentown heavily funded their Redevelopment Authority to allow them to undertake various activities; however, that is not the case in Reading.

Mr. Bealer, referring to the draft distributed by Mr. Agudo, stated that in the Advisor section #3 can be either eliminated or merged with #2 relating to the duties of the Secretary to the Board.

The group discussed the roles of those listed in the Advisor section. Mr. Agudo stated that the Planning Office was removed as there is only one City Planner and he does not have the resources to provide regular assistance to the BPRC.

Mr. Agudo described the duties of the Deputy Director of Housing. He stated that when this position is filled, the employee will become the Executive Officer of the BPRC, staff the Land Bank, implement the MVA and the housing strategy. He stated that the Administration is not trying to disturb the current processes, but only add a different level of management.

Mr. Luckey again questioned the need for additional bureaucratic layers when the process works well in its current form.

Mr. Olsen stated in the draft distributed, the Property Maintenance Division is eliminated and replaced by "Community Development Official". Mr. Agudo stated that the Deputy Housing Director will be the CD representative.

Mr. Olsen stated that in the past, at Mayor Spencer's request, quarterly meetings with the city's Housing Partners occurred. He noted that although Our City Reading (OCR) did not regularly attend, this group discussed and assisted with the management of the properties that were certified as blighted. He noted that at the meetings the certified property lists were reviewed and NHS and Habitat for Humanity (HfH) selected properties to rehabilitate. He stated that he understands the need for change; however, the changes proposed in the new draft of the bylaws are attempting to fix something that is not broken.

Mr. Olsen stated that Mr. Kromer has told him that the process used to certify properties in Reading is a model that other cities should employ. He noted that the City needs to create and manage a process to take the certified properties through some type of acquisition process, rather than try to manage the process used by the BPRC, which is not broken.

Mr. Agudo agreed with the need to define an acquisition strategy. He stated that an internal work group assisted in the creation of an Acquisition Handbook that identifies the seven acquisition strategies available: tax sale, Sheriff Sale (foreclosure), voluntary conveyance (donation), purchase, eminent domain, Conservatorship and deed in lieu of lien. The handbook outlines the acquisition process for each type and includes a due diligence process to assist the City in determining the risks and liabilities for properties and property owners. The Housing Deputy Director will also be charged with managing the acquisition strategy for all certified properties.

Mr. Olsen inquired about the enactment of the Land Bank Ordinance. Mr. Agudo stated that the ordinance being considered started through a work group composed of Ms. Butler, Mr. Kromer, Ms. Kelleher and himself. Various drafts were prepared by Ms. Kelleher who would circulate the draft for review and comment. He stated that the current ordinance has been in circulation for approximately 3 months and it has been reviewed by multiple parties.

Mr. Olsen stated that he and members of the BPRC need time to digest the new draft proposed by the Administration. He suggested tabling the discussion on the bylaws and continuing it if there is time at the conclusion of the June Determination Hearing.

Mr. Urena moved, seconded by Mr. Corcoran, to table the discussion of the Administration's proposed draft bylaws. The motion was approved unanimously.

Election of Officers

Mr. Olsen stated that the BPRC must elect officers. He stated that he is interested in carrying on as Chair and he suggested that the group consider having Ms. Wolfe as Vice Chair. The group agreed and closed nominations.

Mr. Corcoran moved, seconded by Mr. Bealer, to nominate Mr. Olsen as Chair and Ms. Wolfe as Vice Chair. The motion was approved unanimously.

Ms. Kelleher stated that currently the officers serve for a one year term. She suggested amending the bylaws to extend the terms of officers from one year to two or four years. The committee agreed with the need to extend the terms of the elected officers.

Update

- **Meetings with Housing Partners**

The last meeting scheduled with the Housing Partners was postponed and not rescheduled

- **Eminent Domain of Certified Properties**

Mr. Agudo stated that currently five properties located in the 300 block of North 3rd Street are in the eminent domain process. The properties will be transferred to HfH for rehab. He stated that updates about the eminent domain process must come from the RRA. He noted that the eminent domain process is the most costly and lengthy of all the acquisition processes and should only be used as a last resort.

- **Review Certified Properties being rehabbed by housing partners**

Ms. Kelleher stated that 1459 Fairview Street is now titled to NHS.

- **Update on CORE Program**

Ms. Kelleher stated that 737 North 4th Street was listed at \$50,000 in mid October. There has been interest in the property but the listing agent told the CORE Committee that potential buyers believe the property is too large for a single family rental and that it is best suited for either an owner-occupied two unit rental or an owner occupied mixed use property. Therefore the CORE Committee asked City Council to amend the program guidelines. The property was purchased from Bank of America for \$30,000.

Mr. Corcoran explained that the list price of \$50,000 was set after reviewing property comps in the Centre Park area and obtaining feedback from inspectors about the rehab needs of the property. It is believed that the rehabbed value of the property is between \$115-120,000 and that the property requires between \$50-60,000 in rehab/repair. He stated that the list price of \$50,000 also contains an adjustment margin of \$12,000.

Ms. Kelleher stated that there was one offer to purchase for \$38,000; however, the buyer didn't submit an acceptable rehab plan. The rehab plan submitted priced the rehab cost at \$13,000 through unlicensed contractors. The buyers realtor was provided with a list of licensed contractors to perform the work. The buyer did not resubmit a new rehab plan.

Strategy to Acquire blighted properties

Mr. Bealer stated that a local church is interested in obtaining title to the lot located at 628 N. Front Street. The church also owns 626 N. Front Street. Mr. Agudo stated that there is a \$70,000 municipal lien on this property.

Mr. Bealer stated that the adjoining property owner is interested in obtaining title to 334 Chestnut Street. Mr. Agudo stated that there is a \$24,000 municipal demolition lien on this property and the property appears to be in foreclosure. Ms. Kelleher stated that the Prothonotary records show approximately 10 years of delinquent taxes.

- **Review Certification & Determination Property List for June and July**

Mr. Olsen asked the group to review the list for the June hearing which contains three properties for certification and 18 properties for determination. The Administration did not provide the list for the July hearing, as requested.

Mr. Olsen thanked Mr. Agudo for attending the meeting.

Mr. Agudo urged the committee to review and consider the documents distributed at the meeting.

Mr. Urena moved, seconded by Mr. Corcoran, to adjourn the meeting at 7:20 pm. The next Determination hearing is scheduled for Thursday, June 20th at 6 pm

Respectfully submitted by Linda A. Kelleher CMC, City Clerk